How Much is Too Much? Elasticity of Demand



The Item	Buy, Buy, Buy! (One More)	Current Price	Stop, Stop, Stop (No More)
	(3.13.113.3)		(110 111010)
1 Gallon of Gas		\$3.59	
1 Large Pizza		\$9.99	
1 Double Double		\$3.20	
1 Starbucks Coffee		\$3.25	
1 Pair of Shoes		\$49.99	
1 Candy Bar		\$1.25	

Elasticity:			
Shows	_ is sensitive to p	orice.	
Elasticity of Demand:			
Measures how	re	act to a change	in price.
Ex: It shows how drastically	buyers will	(or
the	when price	es rise (介) or fal	I (◆).
How would you respond to c	hanges in pri	ce?	
Even if prices were to rise s	significantly, wha	at would you sti	ll buy?
1)			
2)			
What would you NOT buy?	?		
1)			
2)			
Inelastic:			

Think of elasticity as a rubber band!

Elastic:



If the Elasticity Number is		1.0 it is	·
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Critical Thinking: Quick Write			

We do Elasticity:

Use the market demand schedule for carne asada burritos (use the table below) and factor the elasticity of demand for the following questions.

Show your work.

Does the price change from \$5.00 to
 \$4.00 create elastic or inelastic demand?

2. Does the price change from \$5.00 to \$4.00 create elastic or inelastic demand?

Price	Quantity
\$5.00	1
\$4.50	2
\$4.00	4
\$3.50	6
\$3.00	8
\$2.50	11
\$2.00	12